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News Release Communiqué



Ministry of Finance

Ministère des Finances

For Immediate Release
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FINANCE MINISTER OPTIMISTIC ABOUT RENEWED ECONOMIC GROWTH

TORONTO— Ontario Deputy Premier and Finance Minister Jim Flaherty told the Standing Committee on Finance and Economic Affairs (SCFEA) today that Ontario's economy is well-positioned to weather the current global slowdown. The government's policies of balanced budgets, tax cuts and responsible spending have resulted in a much more stable and resilient Ontario economy.

"We must continue to be competitive if we want the people of Ontario to benefit from increasing opportunities," said Flaherty. "We cannot stand still while the world around us changes. That is why the hard work and tough choices we've made in the last seven years have helped Ontario in this current economic slowdown."

"More tough decisions are needed to ensure spending is kept in line with current economic realities. We cannot go back to the days when deficits were the norm, rather than the exception," added Flaherty.

"Our efforts at recovery are paying off. All job losses the province experienced in 2001 were recovered by January 2002. In fact, over the last four months, Ontario employment is up by 22,200, following a decrease of 22,100 jobs in the previous four months."

The Third Quarter Ontario Finances were released as part of the Minister's presentation to the Finance Committee. Highlights include:

- Ontario is on track for a balanced budget in 2001-02.
- Ontario's 2001-02 Budget Plan included a \$1 billion reserve designed to protect against changes such as the current slower than anticipated economic growth. In addition to the \$300 million used in Second Quarter Ontario Finances, the Province has allocated a further \$250 million from the reserve, this quarter, to maintain a balanced budget. This will leave \$450 million available for debt reduction at year-end.
- Ontario is planning to again deliver a balanced budget for 2002-03.



Prospects for healthy, long-term economic growth remain bright with more signs of renewed economic growth:

- Retail sales rose 2.6 per cent in the fourth quarter of 2001, with the best quarterly gain in a year and a half.
- Consumer confidence rebounded by 6.2 per cent in January from its fourth quarter level and is up 21.6% from its post-September 11th low in October.
- Ontario housing starts rose 34.0 per cent in January, to reach a level of 93,500 units, the highest level since March 1989.

In addition to his appearance at the Committee hearing, the Minister, at the request of the Premier and Cabinet, has been travelling the province on the "Your Bright Ideas Budget Tour," the most extensive ever pre-Budget consultations.

"We look forward to hearing from the Committee and from Ontarians as we continue to travel across the province and meet with people in their communities to listen to their 'Bright Ideas'," said Flaherty. "This will help us make responsible decisions for a strong and prosperous Ontario."

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Backgrounder Document d'information



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FINANCE MINISTER APPEARS AT STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

The Standing Committee on Finance and Economic Affairs (SCFEA) conducts hearings province-wide, each winter, to solicit public input into Ontario's spring Budget. The Minister of Finance and Ministry staff are invited to present updates on the Province's economic and fiscal outlook.

Representatives from a variety of private and public organizations, and experts, are also invited to comment on the government's projections and present recommendations on the fiscal and economic policies of the Province.

The Committee tables its report on the pre-Budget consultations to the Ontario Legislature. The report is an overview of the main issues that were raised by the presenters at the Standing Committee hearings.

Signs of Ontario's Strengths

The Minister stated that signs are evident of Ontario emerging from the economic slowdown.

- The Ontario economy added 6,900 net new jobs in January, following a 1,700-job gain in December. Ontario gained 22,200 jobs in the last four months.
- Ontario housing starts rose 34.0 per cent in January, to reach a level of 93,500 units, the highest level since March 1989.
- Ontario retail sales rose 2.0 per cent in November, the second such monthly increase in a row.
- Consumer confidence rebounded by 6.2 per cent in January from its fourth quarter level and is up 21.6 per cent from its post-attack low in October.
- Business confidence in the final quarter of 2001 rebounded sharply from the post-September 11 setback.

Pre-Budget Consultations

At the request of the Premier and Cabinet, the Minister of Finance launched "Your Bright Ideas Budget Tour," the theme for this year's consultations. These consultations are the most extensive ever and began earlier than previous years in order to increase the number of consultations across the province and move them out of Queen's Park to meet with the people of Ontario where they live.

Over the past few weeks, the Minister visited the Niagara and Durham Regions, as well as London, Sault Ste. Marie, Sarnia, Elliot Lake, Gore Bay, Barrie, Thunder Bay, Stratford, Owen Sound, Ottawa, Pembroke, Peterborough, Hamilton, Windsor and Fort Frances.

The Minister will continue travelling throughout the province to meet with as many people and organizations as possible as he prepares for the 2002 Ontario Budget.

The Minister welcomes the report from SCFEA as it will provide further suggestions on the measures Ontarians feel the government can take to maintain a strong Ontario and continue the road to economic growth and prosperity.

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